

Message Text

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43

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 NEA-10 IO-14 ISO-00 CIAE-00

COME-00 DODE-00 FMC-04 INR-10 NSAE-00 RSC-01 CG-00

COA-02 DLOS-06 L-03 PA-04 USIA-15 PRS-01 SPC-03

DOTE-00 OIC-04 AID-20 DRC-01 /146 W

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R 101645Z DEC 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 2901

INFO AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY WARSAW

AMCONSUL HAMBURG

USMISSION OECD PARIS

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E.O.11652 NA

TAGS ETRD UNCTAD UN

SUBJ SHIPPING:UN CONFERENCE ON CODE OF CONDUCT

REF GENEVA 6337

BEGIN SUMMARY: HIGHLIGHT OF FOURTH WEEK WAS SERIES OF INTENSIVE

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MEETINGS OF PRESIDENT'S (SRIVASTAVA) SPECIAL GROUP TO ATTEMPT TO

NEGOTIATE MAJOR ISSUES OF CODE: ROLE OF GOVERNMENT, CARGO-SHARING, AND MANDATORY ARBITRATION. MEETINGS CONCLUDED WITH PRESIDENT PREPARING STATEMENT OF PRINCIPLES ON MAJOR ISSUES, WHICH PURPORTED TO BE EQUIVALENT OF 77 FINAL COMPROMISE OFFER BUT WHICH UNACCEPTABLE AT LEAST IN PART TO MOST GROUP B COUNTRIES. WITH WIND-UP OF PRESIDENT'S GROUP MEETINGS THURSDAY, MAIN COMMITTEE II AND III NEGOTIATING GROUPS RESUMED DRAFTING OF TEXTS FRIDAY BUT WERE UNABLE TO CONCLUDE BY SATURDAY EVENING AS SCHEDULED. I CLEAR TO SANER HEADS THAT CONFERENCE CANNOT FINALIZE WORK ON CODE BY NEXT FRIDAY. END SUMMARY.

1. PRESIDENT'S SPECIAL GROUP COMMENCED ITS MEETINGS SATURDAY, DEC 1, AND CONTINUED THROUGH THURSDAY DEC 6. ITS MANDATE WAS TO WORK OUT COMPROMISE PACKAGE ON MAJOR ISSUES OF CODE: ROLE OF GOVERNMENT, CARGO-SHARING, AND MANDATORY ARBITRATION. PRESIDENT'S GROUP COMPOSED OF 11 REPS FROM GROUP B (US, UK, FRANCE, SWEDEN, NORWAY, FRG, THE NETHERLANDS, GREECE, JAPAN AUSTRALIA/NZ AND CANADA); FOUR FROM GROUP D: USSR, GDR, POLAND, CZECHOSLOVAKIA; AND EIGHT FROM 77: BRZAIL, ARGENTINA, ETHIOPIA, IVORY COAST, IRAQ, INDONESIA, SRI LANKA, INDIA. WHILE IT WAS "CLOSED GROUP" AND ATTENDANCE CAREFULLY RESTRICTED INITIALLY TO ONE OR AT MOST TWO REPS FROM INDIVIDUAL DELS, IT ATTENDANCE INCREASED TOWARD END TO INCLUDE MOST ACTIVE DELS AT LEAST IN OBSERVER ROLE.

2. ROLE OF GOVERNMENT: THIS ISSUE SETTLED FAIRLY RAPIDLY WITH MOST GROUP B COUNTRIES AGREEING THAT GOVERNMENTS COULE PARTICIPATE ON EQUAL BASIS IN CONSULTATION MACHINERY BETWEEN CONFERENCES AND SHIPPERS. DENMARK, JAPAN AND UK WERE MAIN HOLDOUTS, WITH LATTER INSISTING THAT CODE ALSO SPELL OUT LIMITATION ON GOVERNMENT ROLE IN CONSULTATION MACHINERY.

3. CARGO-SHARING: THIS CONTINUED AS MOST CONTROVERSIAL ISSUE WITH GROUP B WIDELY SPLIT ON HOW TO HANDLE PROBLEM. TWO MAIN GROUP B ELEMENTS, HEADED RESPECTIVELY BY FRANCE AND NORWAY, CONTINUED TO PUSH THEIR VIEWS ALONG GENERAL LINES DESCRIBED GENEVA 6149. CURRENT FRENCH PROPOSAL PROVIDES FOR EQUAL TREATMENT BETWEEN NATIONAL SHIPPING LINES AT BOTH ENDS OF TRADE AND 20PERCEN MINIMUM FOR THIRD FLAGS, WITH FLEXIBILITY FOR REGIONAL RE-ALLCOATIONS AMONG NATIONAL LINES, WHICH BOILS DOWN TO CLOSE TO 40-40-20. RESPECTIVE ADHERENTS ARE: A) FOR FRENCH APPROACH: FRG, BELGIUM, AUSTRALIA, LIMITED OFFICIAL USE

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CANADA, NZ AND IN LESSER DEGREE JAPAN, NETHERLANDS AND SPAIN; AND B) FOR NORWEGIAN APPROACH: UK, SWEDEN, DENMARK, FINALAND, SWITZERLAND, AND TO LESSER EXTENT ITALY. GREECE HAS SWUNG BETWEEN TWO GROUPS. IN CRITICAL EXCHANGE BETWEEN FRENCH AND INDIAN REPS IN PRESIDENT'S GROUP, FORMER CAME CLOSE TO ADMITTING 40-40-20 FORMULA, EVEN THOUGH INSISTING HIS PROPOSAL PROVIDED MORE FLEXIBILITY THAN 40-40-20 FORMULA OF 77. BOTH NORWAY (WHICH ESPOUSES STRAIGHT 40 PERCENT CARGO PREFERENCE FOR LDC SHIPPING LINES ONLY)

AND FRANCE HAVE TABLED PROPOSALS IN PRESIDENT'S GROUP. POLAND ALSO
TABLED PAPER PROVIDING FOR 30-30-30 FORMULA WITH 10 PERCENT LEFT
OPEN FOR ALLOCATION ACCORDING TO CIRCUMSTANCES. US INITIALLY TOOK
HARD LINE AGAINST ANY CARGO-SHARING PROVISIONS IN CODE AND CIRCUL-
ATED LIST OF QUESTIONS ON VARIOUS ECONOMIC, COMMERCIAL, AND GENERAL
POLICY PROBLEMS RAISED BY CARGO-SHARING. SUBSEQUENTLY, AND MAINLY
IN ORDER TO MAINTAIN NEGOTIATING LEVERAGE, US INDICATED POSSIBLE
SUPPORT FOR HEAVILY-CONDITIONED CARGO-SHARING PROVISIONS. MAIN
CONDITIONS ARE: A) APPLICABILITY OF PROVISIONS ONLY WHERE CONFER-
ENCES HAVE POOLS OR TRADE-SHARING ARRANGEMENTS (THUS LEAVING OPTION
OPEN FOR US TO MAINTAIN OPEN-TYPE CONFERENCES IN US TRADES) AND
(B) DELETION OF ANY MATHEMATICAL FORMULA. FRENCH PROPOSAL ON CARGO-
SHARING HAS IMPORTANT CHAPEAU WHICH MEETS CONDITION (A) ABOVE.
77 SEIZED OPPORTUNITY OF CONSIDERABLE FRENCH MOVEMENT TOWARD 40-
40-20 FORMULA TO STATE THEY COULD SUPPORT FRENCH PROPOSAL.

4. MANDATORY ARBITRATION: 77DISARRAY ON THIS SUBJECT GRADUALLY
DIMINISHED AS THEY MOVE TOWARD COMPROMISE BETWEEN LATINS AND AFRO-
ASIANS WHICH WOULD PERMIT MANDATORY ARBITRATION ONLY IN SELECTED
AREAS (ESP RE MEMBERSHIP AND CARGO-SHARING). GROUP B COUNTRIES
WITH VERY FEW EXCEPTIONS (NOTABLY GREECE) MAINTAINED STRONG OPPOS-
ITION TO MANDATORY ARBITRATION. US, AUSTRALIA AND GREECE TABLED COM-
PROMISE PROPOSALS ON IMPLEMENTATION IN PRESIDENT'S GROUP ON DEC 5.
US PROPOSAL PROVIDES FOR VOLUNTARY PROCEDURES, MANDATORY BUT NON-
BINDING INTERNATIONAL CONSILIATION, RECOURSE TO NATIONAL REMEDIES,
AND REVIEW CONFERENCE ON IM
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